

**ND TEACHERS FUND FOR RETIREMENT
INVESTMENT PERFORMANCE REPORT AS OF AUGUST 31, 2006**

	August-06				July-06				Current	Prior Year	3 Years	5 Years
	Allocation		Month		Allocation		Month		Fiscal YTD	FY06	Ended	Ended
	Market Value	Actual	Policy	Net ROR	Market Value	Actual	Policy	Net ROR	Net ROR	Net ROR	6/30/2006	6/30/2006
LARGE CAP DOMESTIC EQUITY												
Structured Growth												
LA Capital	68,985,225	4.0%	4.2%	2.14%	67,569,838	4.0%	4.2%	-3.49%	-1.42%	11.88%	N/A	N/A
Total Structured Growth	68,985,225	4.0%	4.2%	2.14%	67,569,838	4.0%	4.2%	-3.49%	-1.42%	11.88%	12.99%	0.19%
Russell 1000 Growth				3.12%				-1.90%	1.16%	6.12%	8.34%	-0.77%
Structured Value												
LSV	74,077,318	4.3%	4.2%	0.85%	73,504,884	4.3%	4.2%	1.80%	2.66%	15.93%	21.06%	12.29%
Russell 1000 Value				1.67%				2.43%	4.14%	12.10%	15.70%	6.89%
Enhanced Russell 1000 Index												
LA Capital	89,731,413	5.2%	5.3%	1.73%	88,241,722	5.2%	5.3%	-1.13%	0.58%	12.49%	12.73%	3.75%
Russell 1000				2.40%				0.22%	2.62%	9.08%	12.05%	3.12%
Enhanced S&P 500 Index												
Northern Trust	93,207,214	5.4%	5.3%	2.52%	90,904,111	5.3%	5.3%	0.84%	3.39%	9.33%	11.32%	2.81%
Westridge	97,038,346	5.6%	4.2%	2.41%	94,796,518	5.5%	4.2%	0.65%	3.07%	8.80%	11.46%	2.80%
Wells Capital	45,917,826	2.7%	2.8%	0.49%	45,247,261	2.6%	2.8%	-1.02%	-0.53%	N/A	N/A	N/A
Total Enhanced S&P 500 Index	236,163,386	13.6%	12.3%	2.08%	230,947,891	13.5%	12.3%	0.40%	2.48%	8.58%	11.40%	2.76%
S&P 500				2.38%				0.62%	3.01%	8.63%	11.22%	2.49%
S&P 500 Index												
State Street	30,833,602	1.8%	2.0%	2.07%	30,209,622	1.8%	2.0%	0.86%	2.94%	9.62%	11.55%	2.70%
S&P 500				2.38%				0.62%	3.01%	8.63%	11.22%	2.49%
TOTAL LARGE CAP DOMESTIC EQUITY	499,790,944	28.9%	28.0%	1.84%	490,473,958	28.7%	28.0%	-0.20%	1.63%	10.93%	13.21%	3.86%
S&P 500				2.38%				0.62%	3.01%	8.63%	11.22%	2.49%
SMALL CAP DOMESTIC EQUITY												
Manager-of-Managers												
SEI	116,564,987	6.7%	7.2%	2.34%	113,990,643	6.7%	7.2%	-3.55%	-1.30%	13.56%	18.31%	8.00%
Russell 2000 + 200bp				3.13%				-3.09%	-0.06%	16.86%	21.06%	10.71%
Callan	45,305,548	2.6%	2.8%	2.42%	44,234,440	2.6%	2.8%	-4.14%	-1.82%	N/A	N/A	N/A
Russell 2000				2.96%				-3.25%	-0.39%			
TOTAL SMALL CAP DOMESTIC EQUITY	161,870,535	9.4%	10.0%	2.34%	158,225,083	9.3%	10.0%	-3.55%	-1.30%	13.40%	18.25%	7.97%
Russell 2000				2.96%				-3.25%	-0.39%	14.58%	18.70%	8.50%
INTERNATIONAL EQUITY												
Large Cap - Core												
State Street	31,794,874	1.8%	1.8%	2.71%	30,944,279	1.8%	1.8%	1.07%	3.81%	27.85%	20.61%	6.87%
MSCI EAFE (1)				2.75%				0.99%	3.77%	26.56%	20.76%	5.94%
Large Cap - Active												
Capital Guardian	94,551,105	5.5%	5.4%	3.46%	91,415,977	5.4%	5.4%	0.82%	4.31%	28.01%	21.32%	6.58%
LSV	92,010,802	5.3%	5.4%	2.94%	89,479,083	5.2%	5.4%	1.14%	4.11%	27.77%	N/A	N/A
Bank of Ireland	31,567,203	1.8%	1.8%	4.37%	30,284,498	1.8%	1.8%	0.46%	4.85%	22.00%	19.16%	N/A
Total Large Cap - Active	218,129,109	12.6%	12.6%	3.37%	211,179,557	12.4%	12.6%	0.90%	4.30%	27.11%	21.84%	7.14%
MSCI EAFE - 50% Hedged				2.93%				0.98%	3.94%	26.72%	22.56%	6.89%
Small Cap - Active												
Lazard	29,998,199	1.7%	1.8%	3.15%	29,169,478	1.7%	1.8%	-2.15%	0.92%	25.04%	29.34%	N/A
Wellington	30,029,195	1.7%	1.8%	2.33%	29,400,420	1.7%	1.8%	0.23%	2.57%	23.35%	25.26%	N/A
Total Small Cap - Active	60,027,395	3.5%	3.6%	2.74%	58,569,898	3.4%	3.6%	-0.97%	1.74%	24.18%	27.28%	N/A
Citigroup Broad Market Index < \$2BN				2.90%				-2.00%	0.84%	29.21%	32.38%	N/A
TOTAL INTERNATIONAL EQUITY	309,951,378	17.9%	18.0%	3.18%	300,693,735	17.6%	18.0%	0.55%	3.74%	26.61%	22.77%	8.74%
MSCI EAFE - 50% Hedged				2.93%				0.98%	3.94%	26.72%	22.56%	6.89%
EMERGING MARKETS EQUITY												
Core												
JP Morgan	15,739,511	0.9%	0.9%	3.63%	15,243,216	0.9%	0.9%	1.75%	5.45%	N/A	N/A	N/A
PanAgora	13,510,271	0.8%	0.9%	2.26%	13,206,082	0.8%	0.9%	2.17%	4.48%	N/A	N/A	N/A
WestLB	13,721,242	0.8%	0.0%	1.37%	13,556,142	0.8%	0.0%	1.42%	2.82%	N/A	N/A	N/A
UBS	24,360,755	1.4%	1.5%	2.30%	23,796,698	1.4%	1.5%	1.71%	4.05%	N/A	N/A	N/A
Total Core	67,331,779	3.9%	4.1%	2.41%	65,802,138	3.9%	4.1%	1.76%	4.22%	35.59%	32.44%	18.61%
MSCI Emerging Markets				2.60%				1.50%	4.13%	35.91%	22.39%	12.89%
Small Cap												
DFA	14,788,118	0.9%	1.0%	3.39%	14,291,611	0.8%	1.0%	2.22%	5.69%	N/A	N/A	N/A
MSCI Emerging Markets				2.60%				1.50%	4.13%			
TOTAL EMERGING MARKETS EQUITY	82,119,897	4.7%	5.0%	2.59%	80,093,749	4.7%	5.0%	1.84%	4.48%	34.40%	32.05%	18.40%
MSCI Emerging Markets				2.60%				1.50%	4.13%	35.91%	34.76%	21.54%
DOMESTIC FIXED INCOME												
Core Bond												
Western Asset	24,043,826	1.4%	1.4%	1.73%	23,622,164	1.4%	1.4%	1.56%	3.32%	-1.15%	2.65%	5.96%
Lehman Aggregate				1.53%				1.35%	2.90%	-0.81%	2.05%	4.97%
Index												
Bank of ND	47,295,136	2.7%	3.0%	1.54%	46,580,212	2.7%	3.0%	1.25%	2.80%	-1.37%	1.53%	5.24%
Total Index	47,295,136	2.7%	3.0%	1.54%	46,580,212	2.7%	3.0%	1.25%	2.80%	-0.69%	2.10%	5.27%
Lehman Gov/Credit				1.58%				1.30%	2.90%	-1.52%	1.60%	5.13%
Convertibles												
TCW	22,088,133	1.3%	1.4%	1.83%	21,653,716	1.3%	1.4%	-0.54%	1.29%	4.54%	6.78%	1.15%
Merrill Lynch All Convertibles				1.35%				0.23%	1.58%	9.37%	8.01%	4.94%

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	Allocation		Month		Allocation		Month		Fiscal YTD	FY06	Ended	Ended
	Market Value	Actual	Policy	Net ROR	Market Value	Actual	Policy	Net ROR	Net ROR	Net ROR	6/30/2006	6/30/2006
BBB Average Quality												
Wells Capital	23,649,366	1.4%	1.4%	1.95%	23,199,611	1.4%	1.4%	1.52%	3.50%	-2.70%	3.36%	5.51%
Lehman BBB				2.02%				1.58%	3.63%	-2.37%	2.39%	6.10%
Private Debt												
Prudential	24,025,812	1.4%	1.4%	1.47%	23,672,571	1.4%	1.4%	1.39%	2.89%	-0.13%	N/A	N/A
Lehman Aggregate				1.53%				1.35%	2.90%	-0.81%	N/A	N/A
Timberland												
RMK	18,336,670	1.1%	1.1%	-0.06%	18,336,670	1.1%	1.1%	-0.06%	-0.12%	-1.44%	7.62%	N/A
TIR	38,412,184	2.2%	2.2%	-0.04%	38,419,272	2.2%	2.2%	-0.03%	-0.07%	13.53%	N/A	N/A
Total Timberland	56,748,854	3.3%	3.3%	-0.05%	56,755,942	3.3%	3.3%	-0.04%	-0.09%	9.43%	20.37%	N/A
NCREIF Timberland Index				1.15%				1.15%	2.31%	19.69%	13.94%	N/A
TOTAL DOMESTIC FIXED INCOME	197,851,128	11.4%	12.0%	1.17%	195,484,216	11.4%	12.0%	0.73%	1.91%	3.12%	8.91%	8.14%
Lehman Aggregate				1.53%				1.35%	2.90%	-0.81%	2.05%	4.97%
HIGH YIELD BONDS												
Core												
Loomis Sayles	60,684,193	3.5%	3.5%	1.89%	59,676,760	3.5%	3.5%	1.52%	3.44%	4.74%	N/A	N/A
Sutter/Wells Capital	60,189,181	3.5%	3.5%	1.12%	59,804,977	3.5%	3.5%	0.92%	2.05%	4.70%	N/A	N/A
Total Core	120,873,374	7.0%	7.0%	1.50%	119,481,736	7.0%	7.0%	1.22%	2.74%	4.72%	5.70%	3.38%
LB High Yield 2% Issuer Constrained Index				1.48%				0.86%	2.35%	4.38%	N/A	N/A
Mezzanine Debt												
Goldman Sachs	584,470	0.0%	0.0%	0.00%	584,470	0.0%	0.0%	0.00%	0.00%	N/A	N/A	N/A
TOTAL HIGH YIELD BONDS	121,457,843	7.0%	7.0%	1.50%	120,066,206	7.0%	7.0%	1.21%	2.73%	4.72%	8.34%	7.47%
LB High Yield 2% Issuer Constrained Index				1.48%				0.86%	2.35%	4.38%	8.48%	8.60%
INTERNATIONAL FIXED INCOME												
International Sovereign												
UBS Global (Brinson)	41,451,191	2.4%	2.5%	0.05%	41,419,419	2.4%	2.5%	0.43%	0.48%	0.13%	5.24%	9.99%
Citigroup Non-US Gov't Bond Index (2)				0.79%				0.69%	1.49%	-0.11%	5.01%	9.58%
International Core												
Brandywine	42,328,410	2.4%	2.5%	0.70%	42,068,762	2.5%	2.5%	1.52%	2.24%	3.89%	8.39%	N/A
Lehman Global Aggregate (ex-US)				0.92%				0.77%	1.70%	3.83%	5.69%	N/A
TOTAL INTERNATIONAL FIXED INCOME	83,779,600	4.8%	5.0%	0.38%	83,488,181	4.9%	5.0%	0.98%	1.36%	2.01%	6.82%	10.91%
Citigroup Non-US Gov't Bond Index (2)				0.79%				0.69%	1.49%	0.00%	5.05%	9.60%
REAL ESTATE												
INVESCO	84,869,332			0.00%	85,969,154			0.00%	0.00%	23.84%	17.33%	12.38%
J.P. Morgan Strategic & Special Funds	86,671,474			1.59%	85,315,035			1.31%	2.92%	21.05%	17.14%	12.52%
J.P. Morgan Alternative Property Fund	19,254,475			0.00%	19,254,475			0.00%	0.00%	N/A	N/A	N/A
TOTAL REAL ESTATE	190,795,282	11.0%	9.0%	0.71%	190,538,664	11.2%	9.0%	0.59%	1.31%	22.09%	17.09%	12.36%
NCREIF TOTAL INDEX				1.32%				1.32%	2.66%	18.22%	15.63%	12.19%
ALTERNATIVE INVESTMENTS												
Brinson IVCF III	615,942			0.00%	615,942			0.00%	0.00%	26.32%	19.53%	18.00%
Coral Partners V	4,909,958			0.00%	4,910,114			0.00%	0.00%	8.74%	-15.32%	-24.06%
Coral Partners V - Supplemental	445,837			0.00%	445,851			0.00%	0.00%	10.53%	10.33%	N/A
Coral Partners VI	6,915,306			0.00%	6,915,525			0.00%	0.00%	-6.22%	N/A	N/A
Brinson 1998 Partnership Fund	1,317,453			0.00%	1,317,495			0.00%	0.00%	16.52%	15.11%	1.97%
Brinson 1999 Partnership Fund	2,353,078			0.00%	2,353,153			0.00%	0.00%	14.27%	12.72%	-1.26%
Brinson 2000 Partnership Fund	5,637,519			0.00%	6,960,386			0.00%	0.00%	28.22%	17.90%	3.70%
Brinson 2001 Partnership Fund	3,945,936			0.00%	3,946,061			0.00%	0.00%	19.85%	9.95%	3.22%
Brinson 2002 Partnership Fund	2,373,554			0.00%	2,658,785			0.00%	0.00%	32.42%	13.22%	N/A
Brinson 2003 Partnership Fund	644,164			0.00%	644,184			0.00%	0.00%	25.48%	6.77%	N/A
Total Brinson Partnership Funds	16,271,704			0.00%	17,880,063			0.00%	0.00%	23.26%	14.60%	N/A
Brinson 1999 Non-US Partnership Fund	963,040			0.00%	1,204,151			0.00%	0.00%	40.48%	30.98%	18.60%
Brinson 2000 Non-US Partnership Fund	1,685,480			0.00%	1,361,770			0.00%	0.00%	35.03%	21.65%	13.01%
Brinson 2001 Non-US Partnership Fund	2,120,528			0.00%	1,976,861			0.00%	0.00%	27.25%	17.46%	8.96%
Brinson 2002 Non-US Partnership Fund	2,848,626			0.00%	2,749,764			0.00%	0.00%	38.11%	22.66%	N/A
Brinson 2003 Non-US Partnership Fund	2,316,926			0.00%	1,581,099			0.00%	0.00%	31.08%	8.89%	N/A
Brinson 2004 Non-US Partnership Fund	683,696			0.00%	689,024			0.00%	0.00%	24.56%	N/A	N/A
Total Brinson Non-US Partnership Fund	10,618,296			0.00%	9,562,669			0.00%	0.00%	33.66%	21.76%	N/A
Brinson BVCF IV	9,560,498			0.00%	8,751,274			0.00%	0.00%	31.35%	19.07%	0.41%
Matlin Patterson Global Opportunities	6,610,867			0.00%	6,997,595			0.00%	0.00%	-11.68%	26.48%	N/A
Matlin Patterson Global Opportunities II	12,159,018			0.00%	12,073,385			0.00%	0.00%	-0.85%	N/A	N/A
InvestAmerica	2,109,801			0.00%	2,109,868			0.00%	0.00%	0.00%	-9.20%	N/A
Hearthstone MSII	376,595			0.00%	1			0.00%	0.00%	-100.00%	-100.00%	-100.00%
Hearthstone MSIII	1,910,714			0.00%	1,910,775			0.00%	0.00%	59.61%	N/A	N/A
TOTAL ALTERNATIVE INVESTMENTS (3)	72,504,535	4.2%	5.0%	0.00%	72,173,061	4.2%	5.0%	0.00%	0.00%	11.11%	10.45%	-2.11%
CASH EQUIVALENTS												
Northern Trust STIF/STEP	10,714,284	0.6%	1.0%	0.46%	16,861,364	1.0%	1.0%	0.30%	0.76%	4.31%	2.64%	2.41%
90 Day T-Bill				0.44%				0.42%	0.87%	4.00%	2.37%	2.25%
TOTAL FUND	1,730,835,427	100.0%	100.0%	1.77%	1,708,098,216	100.0%	100.0%	0.07%	1.83%	14.79%	15.79%	7.67%
POLICY TARGET BENCHMARK				2.07%				0.48%	2.56%	13.17%	14.32%	6.67%

NOTE: Monthly returns and market values are preliminary and subject to change.

(1) This benchmark was changed to the MSCI EAFE (unhedged) as of December 1, 2004.

(2) Previously this benchmark was titled Salomon Brothers Non-US Gov't Bond Index.

(3) Because of the variation in fee calculations in Alternative Investments, only net returns will be shown until June of each year when actual costs are known.